



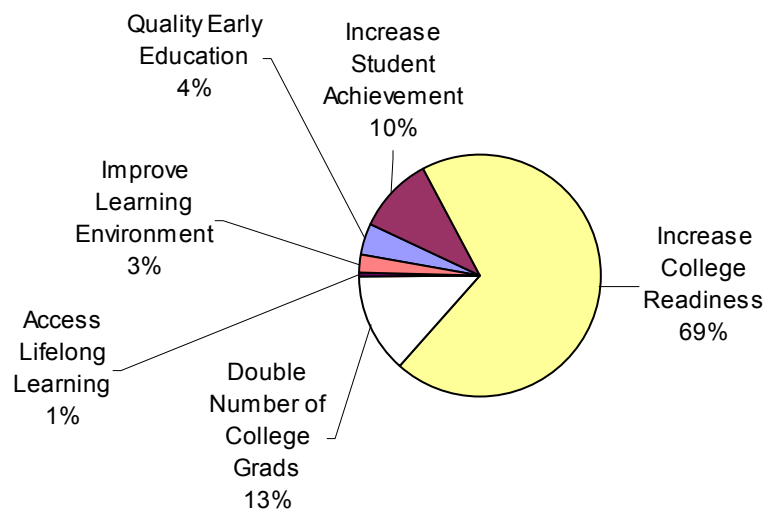
# EDUCATION

## Goal: Improve Student Achievement

From cradle to grave, education is vital to a successful and happy life. Learning begins in early childhood, continues through grade school and high school, advances in college, and culminates in life-long learning habits. As part of the budgeting for outcomes process, the Governor reviewed and prioritized all educational services supported with taxpayer dollars – child care and early childhood learning, K-12 education, support for colleges and universities, higher education financial assistance, and adult learning opportunities.

The Governor's budget for fiscal year 2006 recommends total spending for educational services \$15.7 billion, of which over \$2.1 billion is general fund. This represents more than 38 percent of the total state budget. There are over 160 activities in 12 state departments that support the student achievement goal.

### Education Spending Plan



**Total: 15.7 Billion**

### Strategies to Achieve Goal

- Make quality early childhood education and child care programs available to all Michigan children.
- Increase the number of Michigan schools achieving significant progress in mathematics, reading and writing, attendance, and graduation rates.
- Increase the number of high school students who qualify for college or advanced study.
- Double the number of students who attain college degrees and other marketable credentials.
- Improve access to lifelong learning opportunities for all citizens.
- Improve access to a safe and supportive learning environment by promoting positive student behaviors and by increasing participation in health and nutrition programs.

## Make Quality Early Childhood Education and Care Programs Available to Michigan Children

Strategies to improve student achievement begin at birth. The placement of the Family Independence Agency's nearly \$475 million child care program and related child care licensure program under the education umbrella is reflective of the Governor's desire to move from simply providing child care services to providing educational

opportunities for children in state-subsidized child care placements. Under child care licensing rules being proposed by the Family Independence Agency and currently available for public comment, for the first time those providing child care in their licensed homes will be required to receive at least 10 hours of child care training each year. Required training for child care center workers will be phased in over three years to a minimum of 16 hours per year. These rules impact 4,600 child care centers and 13,800 state-licensed homes.

Funding for the Governor's Project Great Start school readiness program is continued at \$85 million, preparing more than 25,000 four-year-olds annually to enter kindergarten ready to learn. Funding for Great Parents, Great Start is also maintained at \$3.3 million for fiscal year 2006. Administered by intermediate school districts, this program for parents of all children from birth to age five provides parents with ideas for age-appropriate educational activities to prepare their children for school, as well as referrals to community services if needed. Federal funding of \$65 million is targeted for early childhood special education services.



### **Spending Priorities**

- **Fully Fund Special Education**  
*Total funding \$1.38 billion; \$960.9 million state school aid fund/other state funds*
- **Fully Fund School Breakfast and School Lunch Programs**  
*Total funding \$338.3 million; \$22.5 million state school aid fund; \$9.7 million general fund*
- **Fully Fund Durant-Related and School Bond Loan Fund Debt Service**  
*Total funding \$79.5 million; Nearly \$35 million state school aid fund*
- **Maintain Funding for Local Libraries**  
*Total funding \$19.4 million; \$13.8 million general fund*
- **Fund Adult Education**  
*Total funding \$39.3 million; \$20 million state school aid fund*
- **Maintain Tuition Restraint Incentive for Universities**  
*Total funding \$87.8 million; \$87.8 million general fund*
- **Fully Fund Merit Award for Classes of 2004 and 2005**  
*Total \$121 million; \$0 general fund*
- **Fund Preschool Programs**  
*Total funding \$153.4 million; \$88.3 million state school aid fund/general fund*
- **Fund Financial Aid for Students Attending Public Colleges**  
*Total \$185.2 million; \$44.7 million general fund*
- **Fund Intermediate School District Operations**  
*Total funding \$80 million; \$80 million state school aid fund*

## Increase the Number of High School Graduates Who Qualify for College or Advanced Study

To implement recommendations from the Cherry Commission, the Governor is calling upon Michigan's K to 12 system to intensify its efforts to ensure that high school students are ready for postsecondary opportunities.

**Basic Support.** The school aid budget totals \$12.8 billion for fiscal year 2006, an increase of \$282 million, or 2.3 percent, over original fiscal year 2005 appropriation levels.

From this funding, the Governor proposes to increase foundation allowances by \$175 per pupil for all pupils in fiscal year 2006, the first time an increase in per pupil funding has been recommended since fiscal year 2003.

This will raise the minimum foundation allowance from \$6,700 per pupil to \$6,875 per pupil, an increase of 2.6 percent, compared to an estimated inflation rate of 2.1 percent. The cost of this increase is nearly \$291 million.

In addition, the Governor is recommending that Michigan's school finance system begin to reflect the high costs of providing a comprehensive high school curriculum that prepares students for postsecondary success. In fiscal year 2006, the Governor recommends that school districts receive an additional \$50 per pupil for high school students. The estimated cost of this provision is \$26.3 million.

***Incentives for Improvements.*** While Michigan's educational leadership has spent recent years placing rigorous preschool and K-8 curriculum standards in place, these rigorous standards must now be extended to our high schools. In addition, our preschool, K to 12 and higher education systems must be better aligned to create the nation's best-educated citizenry. Our children and grandchildren depend upon it. The Governor is also announcing a series of incentive payments that begin in fiscal year 2007 to encourage districts to graduate high school students that are prepared for the next phase of their educational careers. The early announcement of these incentives provides districts an opportunity to plan for the future.

Beginning in fiscal year 2007, the Governor is proposing to provide districts with an additional incentive payment to invest in upgrading high school curriculum. Beginning in fiscal year 2008, schools that require the enrollment of high school students in the rigorous Michigan Scholar Curriculum, recommended by the Cherry Commission, will receive an additional quality incentive payment to support these efforts. By 2011, incentive payments will be based solely on the number of high school graduates who have completed the Michigan Scholar Curriculum.

During fiscal year 2006, support for the Michigan Virtual High School is increased to \$8 million to expand distance-learning opportunities for high school students to ensure that all students have access to this rigorous curriculum.

***Regional Efficiencies.*** The success of Michigan's K-12 system requires the wise use of taxpayers' dollars. In order to direct as many dollars as possible to the classroom, school districts must work cooperatively to contain costs for school management functions such as budgeting and accounting, payroll and personnel functions, purchasing, and other administrative activities.

In fiscal year 2006, the Governor recommends a \$200,000 grant to a group of intermediate districts to develop models for regional cooperation in the delivery of school management functions. Beginning in fiscal year 2007, districts will have to be members of intermediate district school management consortiums in order to receive all of their funding. The fiscal year 2006 recommendation also increases intermediate school district funding by \$2.3 million, or 2.6 percent, to \$80 million.

***Accountability and Assessment.*** High school juniors are expected to take the traditional MEAP test for the last time in 2006. The Department of Education budget contains an appropriation of \$2.6 million to transition from the MEAP test to the new Michigan Merit Examination – an enhanced college entrance exam. The

#### Michigan Scholar Curriculum

Includes at least:

- 4 credits in English
- 3 credits in Math (algebra 1& 2; geometry)
- 3 credits in Laboratory Sciences (biology, chemistry, physics)
- 3.5 credits in Social Studies (U.S. and world history, geography, economics, government)
- 2 credits of Foreign Language

funding will support an alignment study, augmentation planning and test costs. The department’s assessment budget also contains an increase of nearly \$3.4 million in federal funds to develop the MI-Access test for students whose special education needs require an accommodated test. In total, the state will spend approximately \$32.2 million on its assessment programs in fiscal year 2006.

**Increase the Number of Michigan Schools Maintaining Adequate Yearly Progress in Mathematics, Language Arts, Graduation Rates, and Attendance**

Under the federal No Child Left Behind Act of 2001, states and schools must make adequate yearly progress (AYP) toward the goal of 100 percent of students achieving at grade level in mathematics and reading by 2014. For school year 2004, the Department of Education reported that 76 percent of schools and 80 percent of school districts met the federal mandate for making adequate yearly progress.


The Department of Education manages over \$900 million in federal and state funds that support academic improvement in schools. The department has created regional support teams in collaboration with intermediate school districts to assist schools not making adequate yearly progress, co-trained over 90 coaches to directly assist those schools, encouraged the spread of best educational practices through the sponsorship of instructional

excellence seminars, and developed a tool kit of over 300 practical strategies to sustain school improvement.

Students receive assistance through several programs. The School Aid Act allocates over \$760 million of federal and state funding to academically at-risk children. State funding for at-risk students has been increased by \$33 million to \$347 million in fiscal year 2006. Over \$22 million of federal Reading First grants are targeted to improve early reading skills that are critical to future academic success. The percentage of Reading First participants who are reading at or above grade levels in 2004 has increased by 5 percent for first graders, 9 percent for 2nd graders, and 10 percent for third graders. Over \$1.3 billion has been allocated for special education programs and services, including over \$10 million for the operation and outreach activities of the Michigan Schools for the Deaf and Blind.

The federal No Child Left Behind Act also requires that schools struggling to meet academic goals

employ “highly qualified” teachers. Over \$106 million of federal funding is appropriated to improve teacher quality through professional development.

**New Initiatives**

- **Increase Foundation Allowance by \$175 Per Pupil to \$6,875**  
*Total funding of \$9.7 billion; \$9.7 billion state school aid fund*
- **Additional \$50 Per High School Pupil to Recognize Extra Costs of Providing High School Curriculum**  
*Total funding of \$26.3 million; \$26.3 million state school aid fund*
- **Increase Funding for Academically At-Risk Students by \$33 Million**  
*Total funding \$347.2 million; \$347.2 million school aid fund*
- **Increase College and University Operations Funding by \$70 Million for Fiscal Year 2005 and Maintain for Fiscal Year 2006**  
*Total funding \$1.78 billion. \$1.67 billion general fund*
- **Develop Models of Regional Efficiencies to Reduce Schools Expenses for Business Management Functions**  
*Total funding \$200,000; \$200,000 general fund*
- **Convert High School MEAP Test to an Augmented College Entrance Exam**  
*Total funding \$2.6 million; \$0 general fund*
- **Expand Courses Offered by Michigan Virtual High School**  
*Total funding \$8.0 million; \$1.75 million general fund*

## Improve Access to a Safe and Supportive Learning Environment

The Governor proposes to reform the School Bond Loan program in fiscal year 2005 to create a revolving loan fund. The restructuring of the program will relieve the School Aid budget of debt service payments for school construction in fiscal years 2005 and 2006. The Michigan Municipal Bond Authority will capitalize the revolving loan fund from the sale of revenue bonds secured by the existing School Bond Loan Fund loan portfolio. The Department of Treasury will strengthen its loan program by updating methodologies used to evaluate construction costs, building utilization, financial evaluation standards, and enrollment growth projections. In addition, it will develop and implement a Web-based application process that will allow districts to complete their applications on-line and transmit them electronically to the department. The proposed reform will have no impact on existing bonds and outstanding loans.

National studies have concluded that hungry children can't learn effectively. The Governor's Executive Budget provides funding of \$328.6 million for the school lunch program and \$9.7 million for the breakfast program. In 2004, these programs served over 174 million nutritious meals, with daily lunches averaging over 795,000 and 206,000 daily breakfasts.

The fiscal year 2006 budget doubles the number of school-based health centers to 65, funded by \$3.7 million from the School Aid Budget, which is matched with \$5 million federal funds in the Department of Community Health budget. More than 80,000 youth, ages 10 to 21, are served each year.

Federal safe and drug free schools monies of \$12 million fund programs to prevent violence in and around schools; prevent the illegal use of alcohol, tobacco, and other drugs; and coordinate resources to foster a safe and drug-free environment that supports academic achievement.

Federal 21st Century grants totaling \$29.3 million provide after-school enrichment opportunities to over 25,000 children in 184 schools. Youth development activities include drug and violence prevention; counseling; art, music and recreation; and technology. The department of Education and the Family Independence Agency are collaborating to improve program coordination and to secure an additional \$175,000 in private funds.

## Increase the Number of Students Who Attain College Degrees and Other Marketable Credentials

Michigan's education system and its economic future are inextricably linked. One cannot thrive without the other. Competencies for success in college and in the workplace have converged in the new knowledge-based world economy. If Michigan is to be an economic powerhouse in the 21<sup>st</sup> century, students must expect to attend college. The recent Cherry Commission report makes several recommendations related to preparing Michigan for the next economy – foremost of which is that we set and achieve a new expectation for learning: postsecondary education for all. The Governor's fiscal year 2006 budget begins to address the challenge of increasing the number of Michigan residents who attain a postsecondary degree.



### **Spending Reductions**

- **MSU Agricultural Experiment Station Reduced From \$33.2 million to \$29.9 million**  
*Savings of \$3.3 million general fund*
- **MSU Cooperative Extension Service Reduced From \$28.6 Million to \$21.9 Million**  
*Savings of \$6.7 million general fund*
- **Child Care Funding Reduced to \$473 Million**  
*Total \$21 million; \$10 million in general fund*
- **General Fund Subsidy to School Aid Fund**  
*Total \$145 million; \$145 million general fund*

**University and Community College Funding.** Despite Michigan's budgetary challenges, the Governor's recommended budget increases funding for Michigan's 15 universities and 28 community colleges in both fiscal years 2005 and 2006. The Executive Budget proposes the issuance of state bonds for special maintenance projects at universities and community colleges of up to \$100 million annually for fiscal years 2005 and 2006.

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*"There is a strong correlation between the educational level of a state's workforce and its economic vibrancy. States that educate and nurture creative talent and build and maintain the necessary higher education infrastructure to attract venture capital and research dollars will create the multiplier effects that grow and sustain industries in the new economy. These states will be the leaders in the competition for jobs and income growth."*

**Lt. Governor's Commission on Higher Education and Economic Growth, December, 2004**

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This proposal is part of the Governor's efforts to improve educational opportunities, while creating jobs, by repairing existing campus buildings. The increase is offset by a \$30 million reduction in fiscal years 2005 and 2006.

**Tuition Restraint.** The Governor's fiscal year 2006 budget continues to make a portion of a university's support contingent upon minimizing tuition and fees.

Universities that increase tuition and fees to no more than 5 percent or \$307, whichever is greater, will receive tuition restraint incentive payments totaling over \$87 million.

**Student Financial Aid and Support.** The Michigan Merit Award program is funded at \$121 million in fiscal year 2006, paying for awards to students graduating in 2004 and 2005. However, the Executive Recommendation does not contain funding for the middle school bonus payment nor awards to students attending college out-of-state, saving \$13 million.

Beginning with the high school graduating class of 2007, the Governor proposes that the bar be raised and that future awards be tied to student achievement in the first two years of college or comparable non-campus based training. Rather than defining meritorious achievement as the passage of a test, the new award will fund the gap between federal aid and \$4,000 and will be given to students who have successfully completed two years of postsecondary education and either received a degree or certificate, or successfully transitioned to junior status in a four-year public or private institution.

The fiscal year 2006 budget maintains funding for most student financial aid programs at fiscal year 2005 levels, with support for the Tuition Incentive Program (TIP) increasing from \$10 million to \$12 million to reflect increased participation by many students with the greatest financial need. After evaluating all of the state education spending, the Governor recommends the elimination of funding for the tuition grant program, which subsidizes attendance at private colleges. Currently, a disproportionate share of the state's financial aid dollars (33 percent) is supporting the relatively small number of students attending private colleges. The Governor believes that taxpayer dollars should not be spent for scholarship programs that are not accessible to students attending Michigan's public colleges and universities. Even after eliminating this program, funding for student financial aid programs totals over \$185 million.

The Martin Luther King-Cesar Chavez-Rosa Parks program, intended to increase minority participation in higher education, has been restructured into a competitive grant program to better focus on results. This \$5.1 million restructured program will continue to encourage under-represented minority students to attend and

complete college. Universities and colleges will have flexibility to select research-based models that will work best on their campuses. However, a college or university will be required to match state funds, and the program participants will be tracked over the course of their collegiate careers to evaluate the results of the spending.

Another program focused at retaining students in college is the community college At-Risk Student Success Program. Funding for this program has been maintained at \$3.3 million, but the fiscal year 2006 budget refocuses the funds on students who are academically at-risk of dropping out.

### **Improve Access to Lifelong Learning Opportunities for all Citizens**

Beyond returning to a university or community college, there are many opportunities in Michigan for lifelong learning. Aid to local libraries is maintained at \$19.4 million in the fiscal year 2006 budget, providing support to 678 libraries, branches and bookmobiles. In fiscal year 2003, libraries served almost 10 million patrons. In addition to books, our libraries provide computers for public use, specialized services for the blind and physically handicapped, and special resource materials and unique collections.

Over \$39 million of federal and state funding supports adult basic education, English as a Second Language, GED training, and high school completion programs administered locally by school districts and local workforce development boards. More than 80,000 students are enrolled in Michigan Adult Education programs each year.

The Department of Natural Resources provides opportunities for Michigan's citizens to learn about the world around them through public education on wildlife and natural resources at parks, boating access visitor services, interpretation programs, and outdoor natural resource education program for schools. Approximately \$11.2 million is in the fiscal year 2006 budget to support these efforts.



### **Expenses Eliminated**

- **Book Distribution Centers**  
*Total \$327,500; \$327,500 general fund*
- **Library Digitalization Pilot Project**  
*Total \$965,000; \$965,000 general fund*
- **Michigan Virtual University**  
*Total \$1 million; \$1 million general fund*
- **Michigan Merit Award for Students Attending out-of state (\$4 million) and Middle School Awards (\$9 million)**  
*Total \$13 million; \$0 general fund*
- **Tuition Grant Program**  
*Total \$61.8 million; \$61.8 million general fund*
- **CMU National Charter Institute**  
*Total \$500,000; \$500,000 general fund*
- **Midwestern Higher Education Compact Dues**  
*Total \$90,000; \$90,000 general fund*
- **Freedom to Learn**  
*Total \$21.0 million; \$3.7 million state school aid fund*
- **National Board Certification Grants:**  
*Total \$100,000; \$0 general fund*

### **Indicators of Success**

- Improved student test scores
- Reduced gaps in student achievement
- Increased participation in rigorous high school curriculum
- Increased number of high school students entering college
- Reduced college dropout rates
- Increased number of college degrees/credentials